



Ohio

Benefits From Exports

Ohio export sales of merchandise in 2000 totaled \$29.1 billion, up 16 percent from 1997 and an increase of 65 percent above the 1993 total of \$17.7 billion. In 2000, Ohio posted the seventh largest export total of any state.

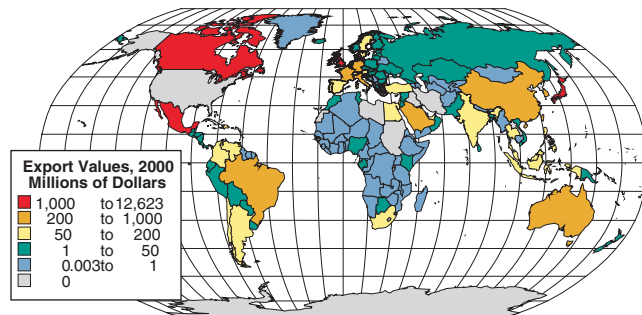
Ohio exports goods globally to 203 foreign destinations. Buoyed by the North American Free Trade Agreement, the state's leading markets, by far, are the NAFTA countries of Canada (43 percent of 2000 exports) and Mexico (20 percent). Other top markets are Japan, the United Kingdom, Germany, and South Korea.

Ohio's fastest-growing market, in dollar terms, is Mexico. From 1997 to 2000, export sales to Mexico increased from \$1.6 billion to \$5.8 billion—an increase of 263 percent. Ohio also posted big dollar gains in sales to Canada, Japan, Bahrain, Saudi Arabia, and the Netherlands.

The state's leading export category is transportation equipment, which alone accounted for 22 percent of Ohio's total exports in 2000. Other top exports are industrial machinery (16 percent), chemical manufactures (11 percent), computers and electronic products (10 percent), and fabricated metal products (8 percent).

OHIO EXPORTED GOODS WORTH \$29.1 BILLION TO 203 FOREIGN MARKETS IN 2000

Dollar Value of Ohio's Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

Within Ohio, Cincinnati (which includes small areas of adjoining states) posted 1999 export sales of \$6.8 billion—the most of any Ohio metropolitan area and the 21st largest total among the 253 U.S. metro areas for which statistics are available. Cincinnati was followed by Cleveland-Lorain-Elyria, Akron, Dayton-Springfield, and Columbus.

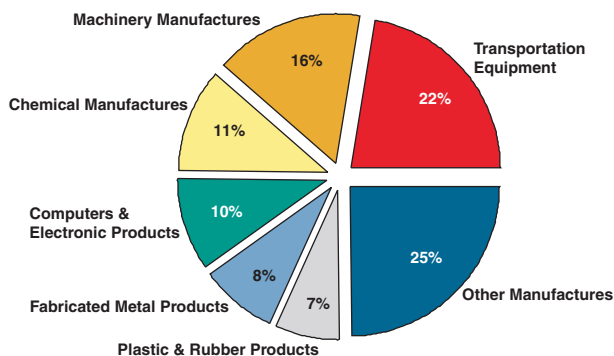
Ohio metro areas that recorded the fastest export growth during 1993–99 were Hamilton-Middletown, Cincinnati, Columbus, Cleveland-Lorain-Elyria, and Akron.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by goods exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Ohio depended on manufactured exports for 451,500 jobs—the third highest total of any state. Export-supported jobs accounted for an estimated 9.5 percent of Ohio's total private sector employment, or nearly one out of every ten jobs.

OHIO EXPORTS A WIDE RANGE OF MANUFACTURES: \$28 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Manufactured exports supported 223,700 jobs—more than one of every five workers—in Ohio’s manufacturing industries. Manufacturing sectors with the most export-related jobs were transportation equipment, fabricated metal products, machinery manufactures, primary metal manufactures, and plastic and rubber products.

Exports of manufactured goods also indirectly supported 227,800 jobs in the state’s nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

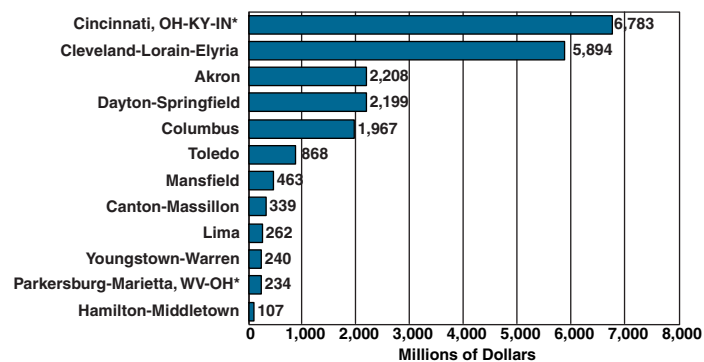
Exports Help Small Business

Exports have broadly benefited Ohio businesses—both large and small. A total of 11,064 companies exported from Ohio locations in 1998. Eighty-five percent of these companies, accounting for 20 percent of the state’s total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 71 percent of all Ohio exporters were small firms with fewer than 100 workers.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading

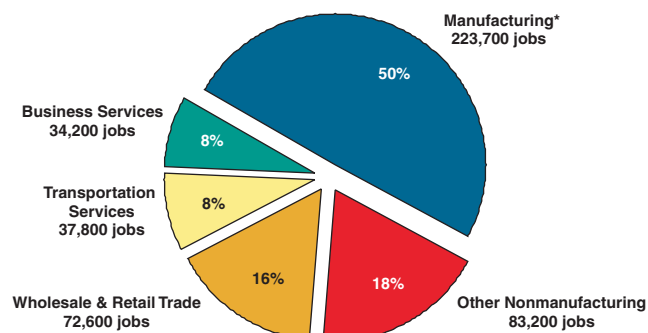
FOUR OHIO METRO AREAS POSTED EXPORTS OF \$2 BILLION OR MORE IN 1999



*This metro area partially overlaps into adjacent states.

Source: U.S. Department of Commerce, Exporter Location Series.

451,500 OHIO JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 1,100 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or “fast track”) is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

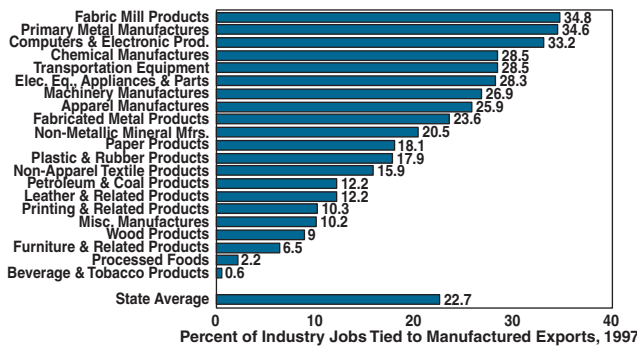
TPA preserves the ability of the United States to protect public health, safety, and the environment.

partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

Ohio Industries Can Gain From Trade Negotiations

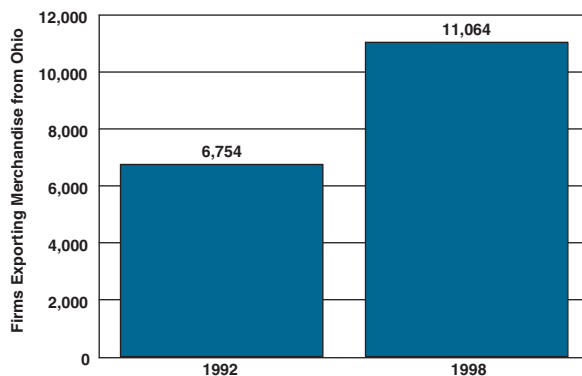
Ohio exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Ohio businesses across many industrial sectors.

MORE THAN ONE-FIFTH OF MANUFACTURING JOBS IN OHIO WERE TIED TO EXPORTS IN 1997



Note: In 1997, 22.7 percent of the 984,200 manufacturing jobs in Ohio were tied to manufactured exports—some 223,700 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM OHIO ROSE 64 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Auto parts. The U.S. exported \$53.7 billion in auto parts during 2000. The ability of the auto parts industry to increase exports will play an important role in its future growth. It will be critical to resolve the many market access barriers that confront this sector. In addition to high tariff barriers, several key nontariff barriers are unique to the auto parts sector. For example, Ohio parts suppliers have been denied full access to the Japanese market by restrictive regulations concerning the repair and replacement of auto parts. U.S. parts rebuilders are also unable to sell their products throughout much of South America due to import prohibitions.

Chemicals. Ohio exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the

end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Information technology. Ohio is the home of many high-tech companies and benefits from the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Ohio, would likely see sales rise if remaining barriers on IT products were eliminated.

Industrial machinery. Further reductions in tariff and nontariff barriers through new negotiations would greatly expand opportunities for Ohio's machinery exports. While the state's industrial machinery exporters have benefited from tariff reductions in previous trade agreements, the industry continues to face barriers in many markets throughout the world. For example, tariffs on industrial

OHIO: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Ohio goods and services.

Ohio exporters still face major trade barriers in such sectors as auto parts, chemicals, information technology, and industrial machinery.

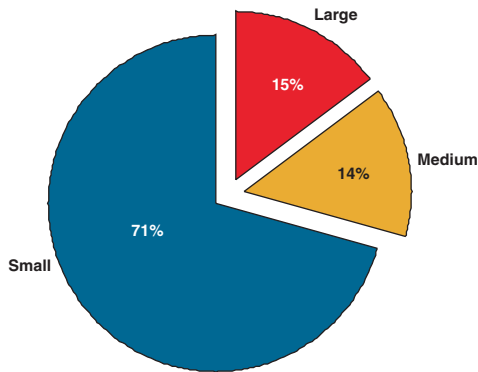
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Ohio's economy is export-dependent, with export sales of \$2,565 for every state resident.

Nearly 452,000 Ohio jobs depend on exports of manufactured goods.

11,064 companies—including 9,418 small and medium-sized businesses—export from Ohio.

85 PERCENT OF OHIO'S 11,064 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

machinery are as high as 30 percent in Brazil and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the increasing use of standards as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

Agriculture. Ohio is an important producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Ohio's agricultural exports totaled \$1.2 billion in 1999 (including processed foods). Since 1991, the state's reliance on agricultural exports has ranged from 24 percent to 32 percent as measured by exports' share of farm cash receipts. Ohio's top agricultural exports are soybeans and products, feed grains and products, wheat and products, vegetables and products, and feeds and fodders. Ohio already benefits from past trade agreements. Under the Uruguay Round, South Korea is reducing its tariffs on soybean oil by 14.5 percent between 1995 and 2004, and the Philippines is reducing its tariffs on soybean meal from 10 to 3 percent. Under NAFTA, Mexico converted its import licensing system for corn to a transitional tariff-rate quota. The Philippines converted its import ban on corn to tariffs as part of its Uruguay Round commitments. Also under the Uruguay Round, limits were set on subsidized wheat exports. Mexico eliminated import licensing for wheat and is phasing out tariffs under NAFTA.

However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

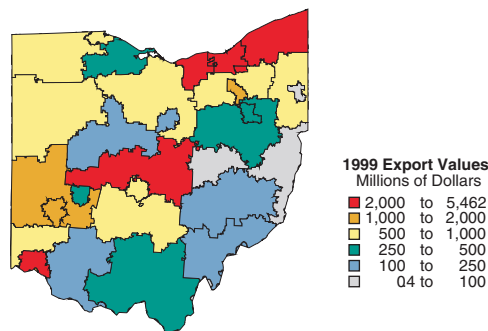
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$293 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Ohio

While exports generate clear benefits for the Ohio economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Ohio, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Ohio with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER OHIO

Ohio's Merchandise Exports by Three-Digit Zip Code, 1999



Note: Ohio's total merchandise exports in 1999 were \$26.6 billion. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.
Source: U.S. Department of Commerce, Exporter Location Series.